

# NAPSNet Daily Report Tuesday, September 12, 2006

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# **I. NAPSNet**

## **1. US Sanctions on DPRK**

Associated Press ("OFFICIAL: U.S. MOVES TO SANCTION N.KOREA", 2006-09-12) reported that the US is moving to impose sanctions on the DPRK for test-launching a series of missiles in July, a senior ROK official said Tuesday. The ROK's main news agency reported, meanwhile, that the DPRK had rejected an offer for direct talks with the US over its nuclear program. The US could slow its move toward sanctions if the DPRK returns to deadlocked six-nation talks aimed at ending Pyongyang's nuclear program, the official, who is deeply involved in the talks, told The Associated Press. The Yonhap news agency, citing an unidentified source, reported that the chief US nuclear envoy, Assistant Secretary of State Christopher Hill, proposed a meeting with his DPRK counterpart Kim Kye Gwan during a recent stop in the PRC but that the DPRK rejected it.

[\(return to top\)](#) Chosun Ilbo ("ALL EYES ON ROH'S MEETING WITH U.S. TREASURY CHIEF", 2006-09-12) reported that President Roh Moo-hyun's planned meeting with US Treasury Secretary Henry Paulson is garnering as much attention as his summit with President George W. Bush. The reason Roh's meeting with Paulson is getting so much attention is that the Treasury Department is spearheading the US government's efforts to slap sanctions on the DPRK. The DPRK is demanding that the department lifts sanctions against Banco Delta Asia in return for coming back to six-party talks on its nuclear program. Diplomats say what the Treasury does may be more important than the State department's actions in restarting the six-party talks. [\(return to top\)](#)

## **2. ASEM Leaders on DPRK**

Chosun Ilbo ("ASEM LEADERS URGE N.KOREA TO RETURN TO NUCLEAR TALKS", 2006-09-12) reported that Asian and European leaders in Helsinki for the Asia-Europe Meeting, including President Roh Moo-hyun on Monday wraps up two days of discussions with a Chairman's Statement. High on the 38-point Chairman's Statement is the leaders' agreement that the denuclearization of the Korean peninsula is essential in maintaining peace and stability in Northeast Asia. The leaders reaffirmed their support for a peaceful resolution of the DPRK's nuclear issue through dialogue, urging Pyongyang to return immediately to the six-party talks with no strings attached. The ASEM leaders also voiced serious concern over the DPRK's test-firing of missiles in July, backing the UN Security Council's unanimous resolution, demanding it suspend all ballistic missile related activity and reinstate its moratorium on missile launches.

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## **3. WFP on DPRK Food Aid**

Yonhap ("WFP APPEALS FOR URGENT FOOD AID FOR N. KOREA ", 2006-09-12) reported that the UN food agency said Tuesday that DPR Korean children may have to spend this year's Christmas without food unless the country gets additional donations from abroad within the coming weeks. John M. Powell, Deputy Executive Director of the World Food Program (WFP), stressed that the WFP's stockpiles for the DPRK will dry up within the next two months without any fresh pledges.

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## **4. DPRK-Mongolia Relations**

Yonhap ("N. KOREA INKS COOPERATION PACT WITH MONGOLIA", 2006-09-12) reported that the DPRK on Tuesday signed an agreement on diplomatic cooperation with Mongolia, the DPRK's state-controlled media said. The agreement was signed by Kim Yong-il, the DPRK's vice foreign minister, and Mongolian Ambassador to Pyongyang Janchivdorjyn Lomvo, reported the Korean Central News Agency (KCNA), monitored here.

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## **5. ROK-US WMD Exercise**

Yonhap ("KOREA, U.S., HOLD JOINT WMD ELIMINATION EXERCISE", 2006-09-12) reported that the ROK and the US conducted combined weapons of mass destruction (WMD) elimination training here on Tuesday, the first such exercise on American soil. Fourteen ROK servicemen from the 24th Special Forces Chemical Battalion completed the roughly three-hour-long process of surveying, sampling and decontaminating a site suspected of holding biological and/or chemical weapons.

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## **6. ROK Troop Control**

Chosun Ilbo ("WANTED: 5 MILLION SIGNATURES AGAINST TROOP CONTROL", 2006-09-12) reported that conservative groups have launched a campaign to collect 5 million signatures against the ROK's takeover of wartime operational control of its troops. The organizations announced the launch of the campaign and the establishment of campaign headquarters, at the Press Center in Seoul on Tuesday. They include the Korea Retired Generals and Admirals Association, the Korea Veterans Association, the New Right Union, the Christian Council of Korea, the Christian NGO and the Free Citizens' Alliance of Korea. They said it is "dangerous" for the government to pursue only an independent defense and downplay threats from the DPRK's Songun or military-first policy and nuclear ambitions. "It will not be late to discuss the transfer of troop control when peace is established on the Korean Peninsula after the North scraps its nuclear weapons, and carries out reforms," they said.

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## **7. ROK Economy**

Reuters ("SOUTH KOREA DOWNPLAYS IMPACT OF SLOWING U.S. ECONOMY", 2006-09-12) reported that the ROK will be able to avoid a sharp drop in the economy even if the US economy slows down next year, thanks to growth in big regions such as Japan, the PRC and the euro zone, the nation's finance minister said on Tuesday. Kwon O-kyu also said in a prepared speech for a meeting of US business executives based in the ROK that the country had "some policy room" to use in coping with the downside risks to Asia's third-largest economy.

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## **8. ROK Underground Gambling Bust**

Agence France-Presse ("POLICE BUST SOUTH KOREA'S LARGEST UNDERGROUND CASINO",

2006-09-12) reported that police mounting a crackdown on illegal gambling in the ROK have busted the nation's largest underground casino despite elaborate security features including a secret escape passageway, a newspaper has reported. The casino discovered Sunday in Seoul's Changan district had handled more than 217 billion won (226 million dollars) in stakes and prizes since opening last November, the Korea Times newspaper reported. Three men were arrested and 25 others booked for operating the casino, while 44 gamblers -- including businessmen, office workers, housewives and a kindergarten principal -- were questioned, the paper said.

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## **9. Japan Finance**

Financial Times ("JAPAN'S BANKS LOOK OVERSEAS FOR GROWTH", 2006-09-12) reported that Japan's big banks are coming out of their shells and taking the plunge into overseas markets again. After a decade that saw the Japanese banks retreat into their home market to deal with mountains of bad loans, this year has seen a number of small but significant steps by Japanese banks venturing into neighbouring countries in Asia. Mizuho, Japan's second-largest bank by assets, is in talks with Shinhan Bank of the ROK to take a 1 per cent stake for about Y10bn (\$85m). In June, Bank of Tokyo Mitsubishi UFJ (MUFG) took a stake in Bank of China as a corporate investor for \$180m. The bank, Japan's largest, is also in talks to acquire control of Indonesia's Bank Nusantara Panyahangan together with Acom, its consumer finance arm.

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## **10. Japan-UK Economic Cooperation**

Kyodo News ("JAPAN, BRITAIN SIGN OFFICIAL NOTES TO BRING TAX TREATY INTO EFFECT", 2006-09-12) reported that Japan and Britain on Tuesday exchanged official notes to pave the way for a revised bilateral tax treaty to come into effect on Oct. 12, the Foreign Ministry said. The revised pact, which was signed Feb. 2, cuts taxes for Japanese companies operating in Britain and vice versa in an effort to avoid double taxation and help boost mutual investment.

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## **11. Japan-Taiwan Relations**

Agence France-Presse ("JAPANESE OFFICIAL VISITS TAIWAN; CHINA CRITICIZES", 2006-09-12) reported that a junior Japanese cabinet member said he paid a rare visit to Taiwan and met President Chen Shui-bian, prompting criticism from the PRC. Japan stressed, however, that there was no change in its policy of recognizing Beijing as the legitimate government of the PRC. Mitsuhiro Miyakoshi, senior vice agriculture minister, said he met with Chen and other senior Taiwanese officials on a trip to the island, with which Japan has no diplomatic relations. "I visited from August 15 through 17. It was a strictly private visit," he told reporters. At his meeting with Chen, "We talked about various items, like fisheries issues," said Miyakoshi, a parliament member from the ruling Liberal Democratic Party.

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## **12. PRC-Japan Gas Dispute**

Associated Press ("CHINA REJECTS JAPANESE CRITICISM OF EAST CHINA SEA GAS DRILLING",

2006-09-12) reported that the PRC on Tuesday rejected Japan's criticism of a Chinese gas drilling project in the East China Sea, insisting the exploration was in its own waters and unrelated to a territorial dispute between the two governments. Exploration in the Chunxiao field "is conducted ... within our sovereign area," said Chinese Foreign Ministry spokesman Qin Gang. "We are not obliged to inform Japan of that activity," Qin said. The two nations are arguing over control of a stretch of the East China Sea midway between their coasts. Both hope to exploit gas reserves there to drive their fuel-hungry economies. While the drilling site is not in a disputed area, the Chunxiao field straddles the contested demarcation line, and Japan worries the reserves in the area might be sucked dry.

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## **13. PRC Media Controls**

Associated Press ("ACTIVISTS CRITICIZE CHINA MEDIA CONTROLS", 2006-09-12) reported that Journalism and human rights groups on Tuesday criticized the PRC's new controls on foreign news agencies as harmful to Chinese society and a possible threat to coverage of the 2008 Beijing Olympics. Regulations released Sunday give the government's Xinhua News Agency control over distribution within the PRC of news, information and other services from foreign agencies. Xinhua said it would delete items deemed to violate national unity or social stability. "These new regulations on the distribution of foreign news are a step backward," Joel Simon, executive director of the Committee to Protect Journalists, said in a statement.

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## **14. PRC-EU Economic Relations**

Xinhua ("PREMIER WEN TABLES 4-POINT PROPOSAL ON BOOSTING CHINA-EU CO-OP", 2006-0-12) reported that Chinese Premier Wen Jiabao put forward here on Tuesday a four-point proposal on boosting trade and economic cooperation between the PRC and the EU. In a speech entitled "Enhance Cooperation to Make Win-win Progress" at the 2006 PRC-Europe business summit, Wen said the PRC and the EU are highly complementary economically, with great potential for cooperation. "We have now reached a new stage in boosting our business ties. We should expand the scope of cooperation, explore new cooperation models, raise level of cooperation and elevate our business relations to a new height," he said.

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## **15. IMF on PRC Currency**

Associated Press ("IMF URGES CHINA TO REVAMP CURRENCY PLAN", 2006-09-11) reported that the International Monetary Fund, applying pressure, said Monday that the PRC should build upon efforts to revamp a currency policy that US critics say gives Beijing an unfair trade advantage. The call for more action was contained in an economic snapshot of the PRC released as part of ongoing evaluations by the 184-nation IMF of various countries' economic health. IMF officials, however, differ on exactly how the PRC should proceed. "Many directors found it appropriate for China to continue to allow greater flexibility in its exchange rate in a gradual and controlled manner," the IMF report said. "A number of other directors, however, stressed that the flexibility afforded by the current exchange rate system should be used more extensively."

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## 16. PRC River Spill

Associated Press ("MANAGERS DETAINED IN CHINA RIVER SPILL", 2006-09-12) reported that the senior managers of two factories in the central PRC blamed for tainting a river with toxic arsenide have been detained and could face criminal charges, state media said. Last week, high levels of arsenide poison were found in Hunan province's Xinqiang River, forcing authorities to cut off drinking water for 80,000 people in the area. Haoyuan Chemical Co., a sulfuric acid manufacturer in Hunan's Linxiang City, and Taolin Lead-Zinc Ore Chemical Plant, both in the upper reaches of the river, were the major polluters, the official Xinhua News Agency said Monday, citing an official with the State Environmental Protection Administration.

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